



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 12, 2014

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To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", with a long horizontal stroke extending to the right.

SACRAMENTO UPDATE

Executive Summary

This memorandum provides an update on State Budget items of significant interest to the County considered by the Budget Conference Committee.

Budget Conference Committee

On June 2, 2014, the Budget Conference Committee convened to consider the differences in actions taken by the Assembly and Senate Budget Committees. The budget conferees include:

Assembly Member Nancy Skinner (D), Chair
Assembly Member Richard Bloom (D)
Assembly Member Shirley Webber (D)
Assembly Member Jeff Gorell (R)

Senator Mark Leno (D), Co-Chair
Senator Loni Hancock (D)
Senator Ricardo Lara (D)
Senator Bill Emerson (R)

A number of significant items remain open before the Budget Conference Committee which is expected to conclude its work today. The Senate and Assembly have scheduled floor sessions to consider the budget package and related trailer bills on Sunday, June 15, 2014, which is the Constitutional deadline for the Legislature to pass the budget.

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As of this report, only a few trailer bills containing detailed information on the State Budget are available in print. This office will work with affected departments to determine potential County impact once the language becomes available.

Budget Conference Committee Actions

The Budget Conference Committee has approved the following items of significant interest to the County:

Public Safety

- **Jail Construction Funding.** The Budget Conference Committee unanimously approved a compromise on the Governor's Budget proposal to provide \$500 million for jail construction funding. The conference compromise includes allocating \$500 million for jail construction funding and adopting trailer bill language to prioritize program and treatment space in funded projects and to require the State to provide a long-term plan on jail construction to the Legislature. In addition, the committee approved **County-sponsored language** that directs the Department of Finance to work with the County of Los Angeles to identify State funding options to address infrastructure needs of the County's jail system, and report back to the Joint Legislative Budget Committee by January 15, 2015.
- **Split Sentences.** The Budget Conference Committee reversed its earlier action rejecting the Governor's Budget proposal on the presumption of split sentences and adopted a conference compromise to include trailer bill language outlining that the presumption of split sentences would only occur if and when a judge finds that it is appropriate and in the interests of justice. In addition, the trailer bill language would require the Judicial Council to develop and adopt rules of the court on the use and presumption of split sentencing.
- **Trial Court Funding.** The Budget Conference Committee adopted a compromise on trial court funding and approved the Governor's proposal to provide \$160 million for trial court operations, to cover court health and retiree costs, and to address the decrease in trial court revenues generated by court fees. In addition, the committee adopted \$40.0 million for one-time court construction needs.

State Mandates

- **Pre-2004 Mandate Payment Obligations.** The Budget Conference Committee unanimously approved the County-supported proposal to allocate \$100 million to begin repayment of \$900 million in pre-2004 mandate obligations owed to local governments. **It is estimated the County will receive between \$16.8 million and \$25.0 million of the \$100 million payment in FY 2014-15.** In addition, the committee approved budget trailer bill language which would trigger additional funding to local governments, up to a maximum of \$800 million, for pre-2004 mandate reimbursement in the event State General Fund revenues come in higher or exceed the amount approved in the FY 2014-15 State Budget Act.
- **Election Mandates.** The Budget Conference Committee adopted a compromise proposal to suspend six election mandates: 1) Absentee Ballots; 2) Absentee Ballots Tabulation; 3) Modified Primary Election; 4) Permanent Absentee Ballots; 5) Voter Identification; and 6) Voter Registration for a State General Fund savings of \$99.7 million in FY 2014-15, and approved budget bill language which would instruct the Administration to study other ways to fund this mandate in the future.

Social Services

- **Dependency Court Appointed Counsel Funding.** The Budget Conference Committee did not approve a County-supported budget proposal by the California Supreme Court Chief Justice, the Children's Law Center of California and others, to provide a \$33.1 million increase over three years under the Judiciary Budget for court-appointed dependency counsel for parents and neglected children to reduce caseloads. Both the Senate and Assembly Budget Committees had previously adopted this proposal.
- **Child Care and Development.** The Budget Conference Committee adopted a compromise proposal to provide \$256 million in additional funding statewide to: improve standards and quality; increase the number child care slots; and increase provider reimbursement rates. The child care and development package includes:
 - 7,500 additional preschool slots;
 - 500 additional Alternative Payment Program slots;
 - 1,000 additional general child care slots;
 - \$69.0 million to increase reimbursement rates for all child care programs;

- \$50.0 million on-going funds for quality enhancement initiatives;
- \$35.0 million one-time funds for facility and professional development; and
- repeal of the part-day State Preschool Program family fee.

The compromise includes intent language to fund an additional 31,500 preschool slots in future years to meet the Senate's goal of providing pre-kindergarten opportunities for all low-income four-year-old children.

Items Pending Action by the Budget Conference Committee

The following items are still pending action by the Budget Conference Committee:

Social Services

- **Adult Protective Services (APS) Training Funding.** The Budget Conference Committee is considering a County-supported proposal by the County Welfare Directors Association (CWDA) to provide \$1.25 million in State General Funds for APS training, including increasing the number of training days for new social workers, supporting curriculum development and training for supervisors, and advanced training for APS workers.
- **CalWORKs.** The Budget Conference Committee is considering various proposals related to the CalWORKs Program, including increased funding to provide a seven percent increase to the CalWORKs grant. In addition, action is pending on a County-supported proposal by CWDA to clarify provisions in current law to specify that counties are not limited in providing rental subsidies funded with CalWORKs Single Allocation funds to only four months for homeless families participating in the Family Stabilization Program.
- **In-Home Supportive Services Program.** The Senate and Assembly Budget Committees rejected the Governor's Budget proposal to prohibit IHSS providers from working overtime to control State costs associated with new U.S. Department of Labor regulations which require domestic workers to receive overtime pay effective January 1, 2015. The Senate and Assembly approved different amounts to fund State costs for overtime pay, placing this item in conference.

Environment and Natural Resources

- **Cap-and-Trade Expenditure Plan.** The Governor proposed a plan to spend \$870 million of revenues generated from cap-and-trade revenues for

FY 2014-15, including \$250 million for high-speed rail. The Governor's plan also proposed that one-third of all future cap-and-trade revenues be continuously appropriated for high-speed rail beginning in FY 2015-16, with future expenditures for other programs undetermined at this time. The Senate rejected the Governor's proposal; the Assembly adopted the spending plan for FY 2014-15 and proposed authorizing long-term borrowing for high-speed rail in future years, using cap-and-trade revenues to repay Federal loans and lease revenue bonds placing this item in conference.

According to media reports, the Governor and the Legislature have reached a compromise proposal which would allocate 25 percent of future cap-and-trade revenues for high-speed rail in the FY 2015-16 State Budget. The proposal would also allocate 15 percent of cap-and-trade revenues to transportation projects, 20 percent to affordable housing projects, and 40 percent to transportation, natural resources, energy and other projects. Specific details of the agreement are not available at this time.

We will continue to keep you advised.

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MR:VE:IGEA:ma

c: All Department Heads
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